

Message Text

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PAGE 01 BAGHDA 00995 151000Z
ACTION FBO-05

INFO OCT-01 NEA-10 ISO-00 L-03 /019 W
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FOR A/FBO, NEA/EX AND NEA/ARN

E.O. 11652:N/A
TAGS: PFOR ABLD IZ
SUBJECT: CONSULATE COMPOUND IN BASRA

1. SUMMARY: USG OWNED CONSULATE COMPOUND IN BASRA MAY BECOME PART OF A COMPLICATED CONTROVERSY INVOLVING A U.S. PRIVATE COMPANY, TRIAD CORPORATION OF SAUDI ARABIA, AND IRAQI STATE COMPANY AND THE BASRA BRANCH OF THE BAATH PARTY. USINT HAS TAKEN ONE ACTION DEEMED URGENTLY NECESSARY TO PROTECT OUR PROPERTY REIGHTS AND REQUESTS DEPARTMENT'S GUIDANCE ON FOLLOW-UP MEASURES. END SUMMARY.

2. THE CURRENT HOLDER OF A LEASE (CONTRACT NO. S80-FBO-117, TECHNICALLY A LICENSE) ON OUR PROPERTY IS STARCO CONSTRUCTORS, SUBSIDIARY OF CARD CONSTRUCTION COMPANY OF SANTA ANA, CALIF., THE PRIME CONTRACTOR FOR THE BASRA SEWERAGE PROJECT. STARCO'S PERFORMANCE IS GUARANTEED BY TRIAD. DUE TO A LONG SERIES OF COMMERCIA MISFORTUNES FAMILIAR TO NEA/ARN, STARCO IS IN A STATE OF COLLAPSE WITH ONLY TWO AMERICAN EMPLOYEES REMAINING IN IRAQ AND WITH ONLY A SMALL PART OF ITS JOB COMPLETED. THE STATE CONSTRUCTION COMPANY FOR WATER AND SEWERAGE PROJECTS, A SUBSIDIARY OF THE MINISTRY OF WORKS AND HOUSING, IS POISED TO ASSUME STARCO'S CONTRACT AND TAKE OVER STARCO'S ASSETS. THE LEASE ON OUR
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PROPERTY, DUE TO EXPIRE AUGUST 18, IS AMONG THOSE ASSETS.

3. VARIOUS IRAQI INSTITUTIONS, AMONG THEM THE BASRA BRANCH OF THE BAATH PARTY, HAVE COVETED OUR PROPERTY OVER THE PAST SEVERAL YEARS. THE PROPERTY'S CHOICE LOCATION, ON THE CORNICHE NEAR THE GOVERNOR'S OFFICE, AND ITS TAILORMADE CONSTRUCTION HAVE ALSO MADE IT SEEM DESIRABLE

FOR US TO RETAIN THE PROPERTY FOR THE POSSIBLE REOPENING OF AMCONSULATE BASRA AT SOME FUTURE DATE. THE SHIFT OF THE BULK OF U.S. BUSINESS ENTERPRISES IN IRAQ TO THE BASRA AREA HAS INCREASED THIS POSSIBILITY.

4. ON JUNE 13, GALE HAROLD, THE ACTING DIRECTOR GENERAL OF STARCO, ADVISED US THAT ONE OF HIS IRAQI EMPLOYEES HAD BEEN TOLD BY A REPRESENTATIVE OF THE BAATH PARTY THAT THE LOCAL PARTY BRANCH INTENDED TO SEIZE THE PROPERTY FOR USE AS PARTY OFFICES AT SUCH TIME AS STARCO'S CONTRACT WAS TAKEN OVER BY THE STATE COMPANY. HAROLD, ALSO ADVISED US THAT THE STATE COMPANY MIGHT TAKE OVER AS SOON AS JUNE 14. SINCE THE BAATH PARTY BRANCH PROMISES TO BE A LONG-TERM FEATURE OF THE BASRA SCENE, WE FACE A SITUATION WHERE A QUASI-GOVERNMENTAL AGENCY MAY MOVE INTO OUR PROPERTY AND, EVEN IF IT OFFERS TO PAY RENT, BE LOATH TO LEAVE THE PREMISES AT A FUTURE DATE.

5. USINT, AFTER CONSULTING AN IRAQI LAWYER, HAS SENT THE FOLLOWING LETTER, DATED JUNE 14, TO MR. HAROLD OVER THE SIGNATURE OF OUR ACTING ADMINISTRATIVE OFFICER:
"REF: CONTRACT NO. S80-FBO-117. WITH REFERENCE TO THE ABOVE CONTRACT COVERING THE LICENSE GRANTED BY THE UNITED STATES GOVERNMENT TO YOUR FIRM TO USE CERTAIN PROPERTY IN THE CITY OF BASRAH TO WIT: THE FORMER UNITED STATES CONSULATE COMPOUND OWNED BY THE UNITED STATES OF AMERICA; I WISH TO INFORM YOU THAT THE GOVERNMENT OF THE UNITED STATES DOES NOT INTEND TO RENEW THE LICENSE AGREEMENT AND WILL TAKE POSSESSION OF THE PROPERTY ON THE 18TH OF LIMITED OFFICIAL USE

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AUGUST, 1977, THE EXPIRATION DATE OF THE CURRENT ADVANCE RENTAL PAYMENT PERIOD.

YOU ARE REQUESTED TO ARRANGE A MUTUALLY CONVENIENT DATE FOR A JOINT INVENTORY AND TURN-OVER OF THE PROPERTY WITH THIS OFFICE PRIOR TO AUGUST 18, 1977.

"PLEASE FEEL FREE TO CALL ON ME IF YOU REQUIRE ANY FURTHER INFORMATION".

6. WE CONSIDERED THE POSSIBILITY OF AN IMMEDIATE CANCELLATION OF THE CONTRACT BUT DECIDED THAT THE CONTRACT DID NOT PROVIDE FOR SUCH ACTION, ASIDE FROM THE DIFFICULT PROBLEM INVOLVED IN OBTAINING DEPARTMENT PERMISSION ON SUCH AN URGENT BASIS FOR AN ACTION WHICH WOULD HAVE REQUIRED THE RETURN OF USG FUNDS FOR THE BALANCE OF THE LEASE PERIOD. WE CONTINUE TO FEEL, HOWEVER, THAT THE PERIOD BETWEEN NOW AND AUGUST 18 IS FRAUGHT WITH POSSIBILITIES FOR EITHER THE STATE COMPANY, THE BAATH PARTY OR SOME OTHER IRAQI INSTITUTION TO SEIZE THE PROPERTY. WE ARE HOPEFUL THAT WE COULD FIND ANOTHER FOREIGN COMPANY TO

ASSUME THE LEASE AFTER AUGUST 18, ASSUMING THE BUILDING IS NOT OCCUPIED BY AN IRAQI INSTITUTION AT THAT POINT. A FOREIGN TENANT SEEMS MUCH TO BE PREFEREED FROM THE POINT OF VIEW OF AVOIDING A GOVERNMENT TO GOVERNMENT CONTROVERSY SIMILAR TO THAT INVOLVING THE FORMER EMBASSY CHANCERY.

7. I HAVE AN APPOINTMENT AT THE MINISTRY OF FOREIGN AFFAIRS PROTOCOL OFFICE ON JUNE 15. AT THIS POINT, I WILL SIMPLY SAY THAT WE HAVE RECEIVED SECONDHAND REPORTS THAT AN IRAQI POLITICAL INSTITUTION MIGHT SEIZE THE PROPERTY, AND I WILL REMIND THE MINISTRY THAT ANY OFFICIAL BODY WISHING TO RENT OR BUY THE PROPERTY SHOULD COMMUNICATE WITH US THROUGH THE MINISTRY.

8. PLEASE INSTRUCT.
MACK

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Message Attributes

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Sent Date: 15-Jun-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
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Disposition History: n/a
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